



**Australian Grape & Wine
Submission to JSCOT on the Free
Trade Agreement between
Australia and Hong Kong, China.**



FOR INDUSTRY, BY INDUSTRY

Who are we

Australian Grape and Wine Incorporated (Australian Grape & Wine) is Australia's national association of winegrape and wine producers. Our activities focus upon the objective of providing leadership, strategy, advocacy and support that serves Australian wine businesses now and into the future.

We represent the interests of the more than 2,500 winemakers and 6,000 winegrape growers working in Australia. Our role is to help forge a political, social and regulatory environment - in Australia and overseas - that enables profitable and sustainable Australian wine and winegrape growing businesses. These businesses make a significant contribution to underpinning regional economies by driving growth in jobs, regional exports and food and wine tourism.

Australian Grape & Wine's voluntary membership represents over 75% of the national winegrape crush. We represent small, medium and large winemakers and winegrape growers from across the country. Policy decisions by the Australian Grape & Wine Board require 80% support, ensuring no single category can dominate the decision-making process and guaranteeing policy is only determined if it provides significant industry benefit. In practice, most decisions are determined by consensus.

Australian Grape & Wine is recognised as a representative organisation for winegrape and wine producers under the *Wine Australia Act 2013*, and is incorporated under the *SA Associations Incorporation Act 1985*. We work in partnership with the Australian Government to develop and implement policy that is in the best interests of winegrape growers and winemakers across Australia.

Background

In March 2019, the Australian Government concluded negotiations on the bilateral Free-Trade Agreement with Hong Kong (A-HKFTA). As part of the usual process for ratification of an FTA, this agreement and the associated Investment Agreement have been referred to the Joint Standing Committee on Treaties (JSCOT) for consideration by Senator the Hon Marise Payne, Minister for Foreign Affairs.

Hong Kong has already completed its domestic processes and is ready to ratify the A-HKFTA. Therefore, swift completion of our own domestic processes will signal our commitment to A-HKFTA and allow it to enter into force in a timely fashion.

Australian Grape & Wine welcomes the opportunity to make a submission to the JSCOT inquiry into the following agreements and their benefits for the Australian wine sector:

- *Free Trade Agreement between Australia and Hong Kong, China; and*
- *Investment Agreement between the Government of Australia and the Government of the Hong Kong Special Administrative Region of the People's Republic of China.*



Australian Wine to Hong Kong

Hong Kong is one of China's richest and most developed regions and serves as a two-way interface between the mainland and the world. Hong Kong has emerged in recent years as one of the world's fastest growing and high yielding wine markets following the abolition of the city's wine taxes in 2008.¹

According to Global Trade Atlas total imports to Hong Kong amounted to 60.88 million litres in 2017 with a total value of USD\$1.5 billion. Up to 20 per cent of imported wine is transshipped from Hong Kong. Australia is the second largest exporter of wine behind France, which has a market share of around 33 per cent by volume and 59 per cent by value. Australia's market share is around 23.4 per cent by volume and 18.5 per cent by value and is followed by the United States, Italy, Chile and Spain.

Hong Kong FTA and Australian Wine

Although wine imports are currently tariff-free in Hong Kong, the FTA helps to ensure that this remains the case in the future. Additionally, the agreement contains a technical barriers to trade annex specific to wine (Annex 5-AWine) which outlines terms of mutual acceptance on wine labelling, certification and classification. ???

Australian Grape & Wine is a strong advocate of harmonizing wine technical requirements in support of trade facilitation. This is of particular importance in emerging markets and countries where wine is not traditionally produced. Wine is highly regulated and subject to complex technical processing throughout the supply chain. Government-imposed technical requirements can sometimes result in unnecessary costs or barriers to trade of wine. A key means of addressing these technical requirements is the inclusion of technical annexes which seek to clarify, streamline, and remove technical barriers. For this reason, Australian Grape & Wine has been driving the inclusion of technical wine annexes within all relevant Australian trade agreements.

Annex 5-AWine of the "Technical Barriers to Trade" chapter, will assist to address harmonisation of practices and technical requirements across the two parties and provides a template for future agreements. The annex will help remove any uncertainty around classification, certification and labelling of wine.

Australian Grape & Wine is working to ensure all relevant future Australian FTAs include a wine specific annex addressing technical barriers to trade, which go further to liberalising trade of wine. The A-HKFTA is therefore an important example of such an agreement and we strongly encourage swift ratification by the Australian Government.

Conclusion

The A-HKFTA is highly valued and considered very important for the Australian wine industry. It provides certainty to Australian wine businesses, and the benefits it will provide industry are significant in terms of technical harmonization and retaining zero tariffs in Hong Kong.

Australian Grape & Wine supports the A-HKFTA process and will strongly advocate for bipartisan support for swift ratification by the Parliament.

¹ Austrade Hong Kong Profile



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